Council on Planning and Budget

Council on Planning and Budget Updated Report: Analysis of UCLA Campus Structural Deficit

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UCLA Academic Senate
Executive Board

March 19, 2026

To: Legislative Assembly Members

From: Megan McEvoy, Chair, UCLA Academic Senate

Re: Council on Planning and Budget (CPB) Updated Report: Analysis of UCLA Campus Structural Deficit

At the March 19, 2026, meeting of the Executive Board, members voted in favor of a motion to endorse the attached Council on Planning and Budget (CPB) Updated Report: Analysis of UCLA Campus Structural Deficit. I write on behalf of the Executive Board to share CPB's updated report with the Legislative Assembly (LgA) as an informational item. CPB will present on this updated report at the April 2, 2026, meeting of the Legislative Assembly.

Encl.

Cc: Kathy Bawn, Immediate Past Chair, UCLA Academic Senate
Richard Desjardins, CPB Chair, UCLA Academic Senate
April de Stefano, Executive Director, UCLA Academic Senate
Elizabeth Feller, Associate Director, UCLA Academic Senate
Tim Groeling, Vice Chair/Chair Elect, UCLA Academic Senate

UCLA Academic Senate Council on Planning and Budget Updated Report: Analysis of UCLA Campus Structural Deficit (FY25–FY26)

March 2026

Executive Summary

Based on the best available information received to date by the Council on Planning and Budget (CPB), including unit-level budget presentations from budget conferences, insights on central commitments, personnel trends, and enrollment metrics, UCLA faces a structural deficit that has grown to a projected range of $200–250 million recurring annually, depending on the scale of corrective actions under consideration moving forward. This report updates the January 2026 CPB interim report with further analysis and aims to foster campus-wide understanding of the deficit's main drivers and sources. In doing so, it seeks to support informed, constructive dialogue on the difficult decisions needed to preserve, maintain, and strengthen UCLA's core academic mission: world-class teaching, research, creative activity, discovery, and public service.

This analysis is qualified as preliminary and based solely on available data shared with CPB as of March 2026, involving estimates. **It does not represent official university numbers** and is intended to inform faculty about the situation based on what is known to date. The financial situation is rapidly evolving, and this report does not replace or supersede communications on the deficit or budget reporting from university leadership.

The deficit is driven by a combination of factors. Prominent among them are post-pandemic unfunded or underfunded strategic initiatives launched at the central level, including property acquisitions, facility additions and upgrades, athletics expansions (including the transition to the Big Ten), and numerous programmatic commitments such as DEI/equity initiatives, community engagement, global awards, DataX, and Grand Challenges. Whether these initiatives and aspirational expansions should be considered core or non-core remains a matter of legitimate debate. While often well-intentioned for long-term institutional advancement, they have collectively generated substantial recurring costs (e.g., annual debt service, subsidies to Athletics, etc.). There is some basis for viewing aspects of this activity as reflecting a culture of over-commitment and optimistic growth assumptions not fully supported by aligned revenue streams. Nevertheless, broader trends affecting higher education, including rising staff numbers, increased labor, energy, and utility costs, and other policy-driven expenses, have also contributed significantly.

Against this backdrop, core academic units (the College divisions and professional schools) have demonstrated fiscal restraint. Based on allocations and projections, these units achieve near-balance largely through efficiencies and the use of reserves, even while absorbing the largest share of recent position reductions on core funds. Personnel compensation remains the single largest budget component and represents a critical strategic investment in excellence. Faculty and staff salaries must compete in national and international markets for top talent; however, they have not kept pace with

inflation or with Los Angeles' cost of living, which is often cited as 50% above the national average. Growth in 19900 compensation for ladder faculty has been modest (+27.6% unadjusted, 5.0% CAGR overall; +22.7% headcount-adjusted, 4.2% CAGR, compared to ~26% inflation) (see Section 2). Protecting merit programs, range adjustments, and instructional support, including TA, GSR, and lecturer funding amid UAW contract negotiations, is therefore a high priority to safeguard the quality of the core mission, yet this will be very difficult to achieve without enhanced funding.

While the deficit is partially addressable through disciplined reductions in deferrable commitments and continued operational restraint that avoid harm to the core academic mission, its full scope requires increased funding and commitment from the state, along with likely tuition adjustments to keep pace with inflation and rising labor costs. This is essential to preserve UCLA's hallmark quality and excellence. Central commitments are substantial, with most core-mission-aligned and hard to reduce without consequences. Efficiency improvements remain necessary, particularly through a more effective resource allocation model (including an update to the campus budget model to include a clear mechanism for generating greater efficiency and cost savings in central administrative units). UCLA reserves can serve as a bridge to ease immediate pressures and strengthen the university's position in external funding efforts (such as SB895), though there are clear limits to their sustainable use against a large recurring deficit.

By committing to transparent and equitable decision-making, protecting the faculty-driven core, and carefully reconsidering unfunded commitments, UCLA can make meaningful progress toward closing the gap while sustaining its core mission with excellence and continuing its vital contributions to California and the world. Addressing these challenges will require the entire campus community, including leadership, units, and all constituents, to acknowledge the fiscal realities we face and to engage actively in open, constructive shared-governance dialogue that ensures meaningful input from across the campus into the difficult decisions ahead. The Council on Planning and Budget hopes that this report provides a useful contribution to that process.

Introduction

This report extends the January 2026 Council on Planning and Budget (CPB) interim report to incorporate further discovery. Its main purposes are to update the interim report, to contribute to campus-wide understanding of the structural deficit and main drivers/sources, and thereby to enable informed dialogue on hard decisions and choices that preserve, maintain, and enhance the core academic mission of UCLA. The report advocates for the core academic mission while acknowledging several nuances and complexities affecting it. Faculty salaries are framed as essential for attracting top talent and sustaining institutional excellence, a core element of UCLA, but they have not kept pace with inflation or rising compensation costs, set against a broader culture of over-commitment and unfunded initiatives that require reconsideration. The analysis acknowledges the need for a model/mechanism for decision-making and allocation of growth, priorities, and serving the core mission in an equitable way while preserving our commitment to excellence.

Scope and methodology: We reviewed unit-level budgets (~50 units via budget presentations), present insights on known central commitments, and analyzed personnel trends (including recent core-funds headcount shifts), and enrollment metrics. Important data limitations and transparency gaps persist due to the complexity of UCLA and limited and confidential access to all relevant information. For instance, detailed budget information and budget conferences for high-impact units like the David Geffen School of Medicine (DGSOM, non-UCLA Health), and Athletics, remain inaccessible and/or difficult to process at this stage. Aggregation mechanics between unit-level data for different types of funds and campus-wide deficits are not fully transparent, and some central commitments involve confidential elements (e.g., contracts). This analysis relies on estimates where necessary and emphasizes the need for enhanced data sharing to refine future iterations.

Objectives: To document deficit sources with analysis, available information and estimates to extent possible; prioritize protection of faculty and core teaching/research mission while recognizing the need for additional resources; advance shared governance through transparent, actionable recommendations.

Organization of the report: Section 1 grounds the discussion in external institutional constraints. Section 2 analyzes personnel compensation. Section 3 updates the preliminary analysis of unit-level budgets from the interim report. Section 4 reconciles to the extent possible with insights on central commitments and discusses the need for an effective decision-making and allocation model. Section 5 synthesizes findings and charts a mission-preserving path forward.

Section 1: Overview of Context and Major Institutional Constraints of UCLA

UCLA operates within a constrained public-university revenue and cost environment shaped by state policy, Regents' authority, enrollment mandates, inflation, and labor-market realities. These structural factors interact with campus-specific decisions to produce the current operating pressures. This section provides an overview of the context and major institutional constraints of UCLA, which helps to establish a baseline for the deficit discussion that follows.

1.1 Revenue Framework and Limitations

UCLA's core instructional mission relies primarily on 19900 General Funds (state appropriations plus net student tuition and fees). In FY 2023-24 (latest audited year in the Budget Book), these core sources totaled approximately $1.66 billion for UCLA: State Educational Appropriations ($670 million, 5% of total $12.8 billion revenue) plus net Student Tuition & Fees ($990 million, 8%). Together they comprised only 13% of all revenue while directly supporting teaching. The remaining 87% came from health-system operations (59%), grants/contracts (10%), auxiliaries/sales (5%), investments (3%), private gifts (3%), and other sources.

For the current planning horizon, the Fiscal Year 2025-26 (FY26), the sources of general funds (19900) plus interest and other income as well as Indirect Cost Recovery (ICR) related sources is $1.822 billion (see Table 1): State General Funds $655.5 million, net tuition $595.8 million, ICR related $342.3 million, plus other sources $246.9 million (including investment income from STIP/TRIP/Blue & Gold and patent income). These figures reflect Regents-controlled tuition rates that have not kept pace with inflation or cost growth, combined with state appropriations that have been effectively flat in real (inflation-adjusted) terms for most of the past decade.

The Legislative Analyst's Office's (LAO) February 2026 analysis of the Governor's 2026-27 budget reinforces this picture. The Governor proposed a $351 million (7%) base General Fund increase for the UC system plus $273 million in additional tuition revenue, completing the final year of the 2022 multi-year compact. The LAO recommended reducing or eliminating the base increase, noting that even without it, UC core funding would still grow 3.5%, below the 4.3% average annual growth of the prior decade, while the state itself faces persistent structural deficits. Donor and investment income provide some flexibility but are restricted or volatile, with much of UCLA's private support donor-restricted and controlled at the faculty/department level, limiting central flexibility despite external perceptions of institutional wealth; grants and contracts cover direct research costs but generate only limited indirect-cost recovery (ICR) for overhead. In short, the revenue side of the core budget is structurally constrained relative to cost pressures, especially given that individual campuses cannot set their own tuition rates or enrollment targets including the number of non-residents.

1.2 Mandated Enrollment Growth and Its Cost Drivers

California policy and the UC compact have required continued enrollment expansion. From Fall 2008 to Fall 2025, UCLA's total student headcount grew 31.9% (39,619 to 49,013 FTE); undergraduate enrollment rose 26.5% (26,505 to 33,534). The compact sets annual resident-undergraduate growth targets of roughly 1% (≈2,900–3,000 system-wide FTE per year). UCLA has routinely exceeded these targets in recent years, accommodating the additional students largely without corresponding increases

in state support within existing resources. Each additional student represents incremental costs for instruction, advising, facilities maintenance, student services, and compliance. Because marginal state and tuition funding per additional student lags full average cost, enrollment growth widens the structural gap unless offset by efficiencies or new revenue. The LAO has explicitly advised holding enrollment flat in 2027-28 to avoid compounding these pressures. Notably, the LAO has critiqued the UC system for accepting more residents without proportional funding increases, effectively punishing campuses for meeting access goals.

1.3 Inflation, Policy-Driven Costs, and Labor Market Realities

Inflation has compounded the mismatch. The compound annual inflation rate (CAIR) from September 2019 to December 2025 was approximately 4.7%, with cumulative inflation ≈26%. California's minimum wage rises to $25/hour by July 2026, directly affecting staff and student-worker budgets. UAW contracts covering TAs, GSRs, and lecturers add further scheduled increases. Energy/utilities, benefits, and compliance costs (Title IX, accessibility, cybersecurity, etc.) have all risen faster than core revenue. Los Angeles Cost-Of-Living (COL) is roughly 50% above the national average, intensifying recruitment and retention challenges for faculty and staff.

1.4 Uses of General Funds and Projected Deficit

Uses of General Funds are broken down in detail in Table 1. For FY25–26 (FY26 estimate), total uses reach approximately $2.080 billion, consisting of:

- Core Teaching and Research Units: $1,144.0 million (the largest single category, covering the College divisions and professional schools),
- Other Research, Teaching, and Mission Related Initiatives: $99.0 million,
- Central Administration: $226.8 million,
- Operational Central Administration (including major pressures in IT and Facilities): $187.0 million,
- Operational Student Administration: $162.3 million,
- Athletics: $67.6 million,
- OP Taxes (systemwide mandated payments and assessments): $77.3 million,
- Other: $116.0 million.

These categories include base allocations to organizations as well as additional central/chancellorial commitments and other recurring obligations. Base allocations to units (embedded within the above line items) have grown significantly in recent years, reflecting approved faculty hires, program expansions, and operational needs, while central commitments add substantial campus-wide costs (UCOP assessments, mandated compensation increases, debt service, academic/research support, etc.). Unit-level deficits in operational areas such as IT and Facilities appear embedded within "Operational Central Administration" and related lines and contribute meaningfully to the overall gap. The table also shows that the projected operating result without further corrective actions is a deficit of –$257.4 million in FY26, improved from –$184.6 million in FY25 due to one-time corrective actions (including sweeps of positive balances from units) that produced a $36.4 million beginning cash balance carryover into FY26. After accounting for that carryover, the ending balance without additional corrective actions is projected at –$221.0 million for FY26.

This structure accounts for expected modest budget increases from the state under the multi-year compact (reflected in the stable State Appropriations line of $655.5 million), though actual funding remains uncertain and subject to state budget decisions. The large gap between total sources ($1,822.5 million) and total uses highlights the structural nature of the deficit, driven primarily by the combination of mandated enrollment growth, compensation pressures, operational cost escalations, debt service, Athletics support, and unfunded or partially funded central initiatives.

Table 1. APB provided update on Discretionary Funds' (19900) Sources and Uses for Fiscal Years 2024-25 (FY25) and 2025-26 (FY26), ($ millions, rounded)

Sources and Uses of Discretionary Funds*	2024-25 (FY25)	2025-26 (FY26) - Estimate
SOURCES		
State Appropriations	655.4	655.5
Net tuition & Fees	570.2	595.8
Indirect Cost Recovery related	303.6	324.3
Other Sources (investment & patent income, etc..)	346.9	246.9
Total Sources	1,876.1	1,822.5
USES		
Core Teaching and Research Units	1,126.1	1,144.0
Other Research, Teaching, and Mission Related Initiatives	92.7	99.0
Central Administration	220.2	226.8
Operational Central Administration	175.9	187.0
Operational Student Administration	147.6	162.3
Athletics	49.7	67.6
OP Taxes	83.2	77.3
Other	165.3	116.0
Total Uses	**2,060.7**	**2,079.8**
Operating Results	**(184.6)**	**(257.4)**
Projected Budget Without Future Corrective Actions		
Beginning Balance	**(46.2)**	**36.4**
Ending Balance w/o Corrective Actions	**(230.9)**	**(221.0)**
Corrective Actions	**267.1**	
Ending Balance	**36.4**	**(221.0)**

Notes: Sources reflect discretionary funds including general funds supplemented with indirect cost recovery (ICR) related funds and investment income. Other core funds related to Professional Degree Supplemental Tuition (PDST), Self-Supporting Degree Program Tuition (SSDPT) are not included. Athletics portion here is only fraction of expenses covered by the central budget including a subsidy, debt service, and Big Ten related fees.
Source: Based on updated information provided by interim CFO on March 16, 2026.

Section 2: Personnel Compensation as the Largest and Most Strategic Budget Component

Compensation represents UCLA's single largest expenditure category and a critical strategic investment in institutional excellence. As UCLA's most irreplaceable asset, faculty drive teaching, research, discovery, and national/international recognition. Staff, graduate student workers, and lecturers enable instructional delivery and campus operations. Yet compensation growth has not kept pace with inflation, Los Angeles' high cost of living (≈50% above national average), or competitive pressures, while union contracts and policy-driven costs add volatility. Unless otherwise stated, data cited in this section are based on custom extracts and analyses prepared by Academic Planning and Budget (APB) for Senate/Council on Planning and Budget (CPB) briefings or deficit discussions (e.g., regarding the FY20–FY25 19900 General Funds Trends presentation and related materials).

2.1 Faculty Compensation: Competitiveness, Trends, and Mission Linkage

Faculty recruitment and retention remain exceptionally challenging due to Los Angeles' housing, childcare, and tax burdens. Institutional rankings depend heavily on faculty achievements (research funding, publications, awards), making competitive compensation essential to sustaining UCLA's quality compared to Association of American Universities (AAU) publics, AAU privates, Comparison 8 schools, and other UCs. As discussed below, UCLA faculty compensation has not kept up with inflation.

Cost of Living (COL)-Adjusted data from Association of American Universities Data Exchange (AAUDE) (December 2025, using Mercer methodology) show UCLA full professors closely tracking AAU private institutions in recent years (FY25: similar or 2% higher). UCLA full professors are 27% higher than other UCs and 21% higher than AAU publics. Assistant and associate professors are much closer to AAU publics (2% and 6% higher) but lag AAU privates (11% and 2% lower).

From FY20 to FY25, ladder faculty FTE paid from 19900 funds grew modestly (+51 FTE, 3.981%). Total ladder faculty compensation rose $95 million ($344M to $439M, 27.616% unadjusted; 5.0% CAGR). Adjusting for FTE growth, the increase is $81.3 million (22.7%; 4.2% CAGR), but still below cumulative inflation (≈26%, 4.7% CAIR from Sept 2019–Dec 2025, according to US Bureau of Labor Statistics). General salary adjustments (e.g., 3% FY20/22, 0% FY21, 4–4.6% FY23–25; 3.8% CAGR) drove most growth, with merit increases contributing minimally (overall CAGR only 0.4% above mandated increases). Benefits cost absorption by UC implies even lower salary CAGR. Faculty compensation (not just salaries) has thus lagged inflation slightly, despite high individual earners elsewhere (e.g., Highly compensated faculty, coaches, executives; none in UCLA's top 250 earners in 2024 are regular-series faculty) (based on data obtained from UC Compensation website, total compensation, https://ucannualwage.ucop.edu/wage/).

Meanwhile, as per Table 2, student: ladder-faculty ratios worsened (25.7:1 in FY10 to 29.9:1 in FY25 overall; higher for undergraduates), reflecting enrollment growth (+25.6% UG FY10–25) amid flat/declining support staff. (APB's enrollment dashboard, https://apb.ucla.edu/campus-statistics/enrollment)

Table 2. Ladder faculty growth compared to student enrollment for the past 15 years, Full-time Equivalents (FTE)

Category	FY10	FY15	FY20	FY25	% Change
Ladder (19900 funds, FTE)	1335.6	1227.38	1289.99	1358.13	1.7
Ladder (all funds, FTE)	1498.24	1431.2	1505.82	1584.82	5.8
UG enrollment (FTE)	26648	29625	31541	33471	25.6
Graduate enrollment (FTE)	11863	12212	12828	13855	16.8
UG:Ladder faculty ratio	17.8	20.7	20.9	21.1	18.7
Student:Ladder faculty ratio	25.7	29.2	29.5	29.9	16.2

Source: APB dashboards.

2.2 Staff and Operational Support Roles

Non-ladder faculty FTE rose 14% (FY20–25), while TAs/academic students dipped slightly (-2%). Professional/support staff FTE declined significantly (-23.2% over 15 years, much in FY25–26 via attrition, vacancies, and shifts off 19900 funds, implying that not all are true eliminations). Academic units absorbed the largest share of core-funds position reductions (≈50.8% of moved positions FY24–25 to FY25–26), while administrative units grew earlier (FY21–25) before recent cuts.

Budget meetings and Winter 2026 unit-level budget conferences highlighted that many units are addressing projected 2025–26 (FY26) deficits through workforce reductions, primarily via layoffs, attrition, and unfilled vacant positions, focused on administrative and support roles. These measures aim to offset rising compensation, benefit, and union-related costs that exceed growth in central funding and other revenue streams. Hiring freezes remain widespread, with selective junior or teaching-series hires permitted in some cases, though this raises concerns about long-term departmental stature and sustainability. Cumulative cuts have led to declining staff morale, operational burnout, and reduced service capacity, particularly in units that were already leanly staffed.

Workforce reductions are occurring in both academic and non-academic units, but academic units have borne a disproportionate share of core-funds reductions (~50% campus-wide). The growth of student enrollment has outpaced faculty growth nearly five-fold in the past 15 years, leading to higher student:faculty ratios (18.7% increase, Table 2).

2.3 Graduate Student Researchers (GSR), Teaching Assistants (TA), and UAW Context

GSR/TA salary scales surged post-2022 unionization. Increases hit immediately, while faculty grants could not be retroactively rewritten to adjust for those costs. Central support for FY26 covers ≈$108M+ for lecturers/TAs/GSRs, $42–46M remissions, and an additional $28M UAW-related. Volatility in federal funding exacerbates burdens; some units expect central TA/GSR offsets to end by 2027, shifting full costs to departments. Anecdotally, faculty reduced their own summer salary or non-fungible funding to accommodate GSR requirements. TA FTE declined despite flat budgets and rising enrollments. Recent UAW negotiations further increase TA and GSR compensation costs.

These roles are essential to instruction/graduate training, yet rising costs strain units amid enrollment growth and reduced support staff.

2.4 Overall Compensation Synthesis

Faculty compensation has declined slightly relative to inflation and growth of ladder faculty is flat (1.7%, paid from 19900 funds) compared to 15 years ago, yet undergraduate enrollment has increased over 25% during this period. As at all institutions of higher education, compensation is the largest expense. Compensation is particularly challenging at the UC, where >80% of the workforce is represented by a union. The state has suspended budget increases promised under the compact, yet UCLA has met or exceeded its enrollment targets. To remain nationally and internationally competitive, and to protect the academic mission of research, teaching and service, the administration must commit to preserving central support for faculty compensation and instruction, as reductions would have negative consequences.

Section 3: Update on Unit-Level Budgets

The February 2026 unit-level data refresh (covering ~50 units via budget conferences, cross-checked against the UCLA Budget Book's (released in February 2026) high-level overview and unit summaries) confirms and sharpens the picture first presented in the January interim report. Unit level budget presentations for DGSOM, VCCFO, Veteran's Affairs, Athletics are missing and did not occur (to our knowledge), but some relevant data for these can be found in the budget book from the prior year.

Core academic units continue to demonstrate rigorous fiscal discipline, while visible deficits remain concentrated in operational central administration, Athletics, and certain public-facing activities. This section updates the aggregation, highlights performance in the 16 main school units (4 College divisions + 12 professional schools), and incorporates key takeaways from the Winter 2026 budget conferences with unit leadership.

3.1 Coverage and Aggregation Methodology

The updated aggregation shown in Table 3 incorporates FY25–27 projections across General Funds (19900), Core Funds, and Other Funds for nearly all units. It reveals an estimate of the sources of deficit by type of unit and type of fund. These are based on the February 2026 unit level budget presentations. It does not include data on units with positive balances to offset the deficit flows. In this sense, it does not reflect an accurate estimate of the structural deficit. It only indicates the relative sources of the deficit. In principle, these can translate into new requests to the central level to cover deficits if there is no capacity at the unit level to cover the deficits on a forward basis. In contrast, several academic units that had general and core funds budgets positive balances in FY25, had their funds swept (approx. $64M) as part of a one-time corrective action that was undertaken.

As can be seen from Table 3, core academic units (the primary teaching and research engines) generate only a small fraction of the structural pressure in FY25 and FY26 but this is projected to increase substantially in FY27 unless the corresponding units undertake corrective action and/or obtain new funding requests from the center (which is operating in a deficit). The bulk arises in operational central units (mandated IT/security transformation and flat-funded facilities/maintenance) and the Athletics subsidy and recurring deficits.

Definitions of Categories in Table 3

Types of Units

- Core research and teaching units (16 units): 4 divisions of the College and 12 professional schools.
- Other research, teaching, and mission-related initiatives (10 units): Semel Neuroscience Institute, CNSI, International Institute, Institute of American Cultures (IAC), Consortium of Schools, BSCRC, BBS, Depression Grand Challenge, Sustainable LA Grand Challenge, DataX.
- Central administration (14 units): Chancellor's Office, EVCP, Academic Personnel, VC Legal Affairs, Ethics, Compliance & Audit Services, Veteran's Affairs, VC Inclusive Excellence, VCCFO, VC Research, OARC, External Affairs, VC Strategic Communications, Office of Campus & Community Safety (OCCS), VP for Teaching & Learning.

- Operational central administration (4 units): AVC DTS (IT), AVC CHR (Human Resources), AVC EHS, AVC Facilities.
- Operational student administration (7 units): Enrollment Management, Graduate Education, Undergraduate Education (DUE), Student Affairs, Library, Summer Sessions & International Education (SSEIO), University Extension (UNEX, including CEB).
- Athletics (1 unit).

Types of Funds

- General Funds (19900): Primarily state funds, tuition, and related allocations.
- Core Funds: Indirect cost recovery (ICR), Professional Degree Supplemental Tuition (PDST), Self-Supporting Degree Program Tuition (SSDPT), etc.
- Other Funds: Grants, sales & services, contracts, gifts, and other sources. Treatment of Other Funds varies across units; large negatives in operational central administration (e.g., IT, Facilities) raise questions about General Funds backfill.

Table 3: Estimated Annual Deficit Flow After Depletion of Prior-Year Reserves By Type of Unit and Type of Funds ($ millions, rounded, FY25–FY27) (based on February 2026 unit level budget presentations)

	2024-25 (FY25)	2025-26 (FY26) - Estimate	2026-27 (FY27) - Estimate
Core Teaching and Research Units	**-4.9**	**-5.1**	**-27.0**
General funds (19900)	-0.3	-1.9	-20.1
Core funds	0.0	0.0	-2.0
Other funds	-4.6	-3.2	-4.9
Other Research, Teaching, and Mission Related Initiative	**-9.4**	**-4.0**	**-3.3**
General funds (19900)	-1.2	0.0	0.0
Core funds	0.0	0.0	0.0
Other funds	-8.2	-4.0	-3.3
Central Administration	**-24.8**	**-31.5**	**-39.7**
General funds (19900)	0.0	-0.2	0.0
Core funds	-24.8	-17.5	-22.8
Other funds	0.0	-13.8	-16.9
Operational Central Administration	**-62.8**	**-42.8**	**-93.5**
General funds (19900)	-12.3	-20.0	-25.3
Core funds	0.0	0.0	0.0
Other funds	-50.4	-22.7	-68.2
Operational Student Administration	**-2.7**	**0.0**	**0.0**
General funds (19900)	-2.7	0.0	0.0
Core funds	0.0	0.0	0.0
Other funds	0.0	0.0	0.0
Athletics	**-338.8**	**-411.7**	**-417.8**
General funds (19900)*	~ -80	-73.9	~ -80
Core funds	-	-	
Other funds*	-258.8	-337.8	> -337.8
Total	**-443.3**	**-495.0**	**-581.3**
General funds (19900)	-96.5	-96.0	-125.4
Core funds	-24.8	-17.5	-24.9
Other funds	-322.0	-381.6	-431.1

Notes: Excludes DGSOM, Auxiliaries. Athletics general funds balances reflect costs covered by the central budget. Athletics other funds balances exclude gifts and endowment balances which are unknown.
Source: Estimated aggregates based on ~50 unit level budget presentations from February 2026.

3.2 Core Teaching and Research Units

The 16 main school units have maintained near-balance in fiscal year 2025–26 (FY26) by operating within their base allocations and implementing deliberate efficiencies, despite continued enrollment growth and the cumulative effects of the hiring freeze. In this austere funding environment, core units typically do not run significant deficits because they spend within the budgets provided, adhering to allocated resources through cost controls and restraint. Table 3 shows that there is a projected $1.9m deficit for general funds and $3.2M for other funds for FY26. As reported here, this only includes units who are incurring an operating deficit for FY26 and had also depleted their reserves for that type of fund, leaving a net ending balance for the unit that is negative in that type of fund.

Aggregating the reserves across the types of funds can lead to different results. While core academic units may have an operating deficit in general funds and depleted reserves for this fund type, they may be generating surpluses in other funds (e.g. through sales and service) and have ample reserves. Only three core academic units will incur negative ending balances in FY26 (after accounting for reserves) in the general funds category, but this is expected to grow to about seven units in FY27 without corrective actions. In the core funds category, no units will incur negative ending balances in FY26 and one is expected to in FY27. Similarly, in the other funds category, only one school is expected to begin incurring negative ending balances in FY27. Many other schools have large positive other funds balances, but often these reflect restricted funds that cannot be freely allocated to cover expenses or to other fund groups.

On balance, there is little evidence of systemic overspending in core academic budgets. Units have responded to calls for budgetary restraint by prioritizing junior hires, reforming course-release policies (e.g., internal $10k cost to disincentivize routine releases), and accelerating retirements/separations. These actions preserve mission-critical teaching and research while managing costs.

For example, in the Social Sciences unit: the projected deficit for FY26 fell from $7.71M (fall) projection to $6.88M. Strategy includes gradual non-replacement of ladder faculty lines, pausing hires, and a controlled shift toward teaching-series appointments (despite some departmental concerns). Self-supporting master's programs and summer sessions provide critical revenue flexibility; reserves and ICR are being drawn down intentionally but sustainably. While core academic units have been instructed to draw down other funds, particularly endowments and gifts, other funds reserves are accordingly on a trend of being depleted.

3.3 Visible Deficit Areas and Concentration

Large and recurring deficits remain concentrated outside core academic units.

Operational central administration (IT/DTS and Facilities) faces structural, growing shortfalls. DTS (IT) staff increased 62% (280 → 454 FTE) under a 2022–mandated cybersecurity/consolidation roadmap tied to systemwide and LA 2028 readiness requirements, reflecting an ambition that was not fully calibrated to what the campus can sustainably afford. Facilities carries a projected accumulated deficit of approximately -$64M in FY26 and is projected to grow to –$118.6M in FY27, driven by roughly a decade of flat Operations and Maintenance of Plant (OMP) funding, a large deferred-maintenance backlog, new state taxes/fees, and no inflation/utility-cost adjustments for non-hospital units. Both areas have absorbed multiple central sweeps while facing unfunded mandates, leaving little discretionary room.

Athletics receives a steady approximate $80M annual General Funds subsidy (exact composition, including operating costs, bond debt service, loan bailouts, remains partially unclear). This is in addition to a projected deficit in the unit of approximately $65M for FY26 with no clear plan to address this moving forward. While Intercollegiate Athletics directly supports approximately 800 student-athletes across 25 varsity programs, providing them with high-level competitive opportunities, academic resources, and development support, many more students benefit as fans, and the program enhances UCLA's national visibility, brand recognition, and overall rankings. The scale of this recurring central support and unit level deficit, however, far exceeds what can reasonably be calibrated as a sustainable campus good, especially given competing core-mission priorities.

Other public-facing operations that deliver campus goods (enriching current student experience, recruitment, alumni engagement) and public goods (extending UCLA's societal role) also contribute visible pressure (though smaller-scale). The School of Arts & Architecture offers the clearest case study: a "tale of two schools." The academic/instructional side has remained diligent and near-balanced; nearly all of the unit's Other Funds deficit stems from legacy debt, post-pandemic revenue shortfalls in museums/performances/events (aggravated by parking changes and regional competition), and unbudgeted faculty/staff time managing these programs. Arts & Architecture is exploring a minimal "skeleton crew" model for Royce Hall to preserve high-impact student events while sharply reducing costs. Similar dynamics appear in the Consortium of Schools and select other public-facing activities. These enrich UCLA's identity and mission but lack dedicated, sustainable central funding, instead placing disproportionate burden on individual units.

In aggregate, General Funds (19900) negatives in core academic units remain small and are largely managed through efficiencies/reserves. The structural gap is overwhelmingly rooted in operational mandates, legacy commitments, Athletics' scale of mismatch between revenue and expenses, and campus/public goods that are not fully funded centrally.

3.4 Unit-Level Insights from Winter 2026 Budget Conferences

APB held approximately 45-50 budget and planning meetings with unit leadership (e.g., school-level deans and CFOs). Each meeting allowed one member of CPB to attend as well. APB shared unit-prepared PowerPoint presentation decks for most units, which included budget information, with CPB. Below are takeaways from the presentation decks and CPB members in attendance at the meetings. The summary is organized according to major budget categories, including 19900 budgets, other core funds, sales and service activities, gifts and endowments, enrollments, staffing, and additional noteworthy issues.

With respect to 19900 budgets, which comprise state general funds, campus units reported the implementation of reductions of around 10 percent. These reductions have been achieved primarily through personnel actions, including layoffs, attrition, and not filling vacant positions. Several units are currently managing or projecting multi-million dollar operating deficits, a situation attributed to rising compensation costs, cost-of-living adjustments, and the financial impact of union agreements, all of which are increasing at a rate that exceeds the growth of central funding. Hiring freezes and selective junior hires are common, with a strategic shift toward teaching-series faculty in some divisions, though this has prompted concerns about departmental stature and sustainability. In response, many units have engaged in the reallocation of limited 19900 resources in an effort to protect core instructional and student-facing activities, with administrative and support roles absorbing a substantial share of the reductions. There is a discernible emphasis on pursuing permanent solutions, such as the elimination of positions to attempt to achieve ongoing savings.

In the area of other core funds, including indirect cost recovery (ICR), central commitments, and professional degree supplemental tuition (PDST/SSGPDP), units are experiencing considerable volatility. Declines in ICR, often resulting from interruptions and cancellations of federal grant funding, are exerting significant budgetary pressure, particularly within research-intensive units. Professional schools, such as those in law, management, nursing, and dentistry, are leveraging professional degree fee revenues as an essential component of their budgets, though these units also face ongoing uncertainty related to enrollment and revenue stability.

Sales and service activities, particularly within auxiliary units such as housing, hospitality, and events, have exhibited only partial recovery in the post-pandemic period. While revenues have begun to rebound, these units continue to contend with increased costs and shifting patterns of demand, including higher reliance on student staff and rising wage rates. Some shifting of staff costs from state funds to sales and service funds has been reported, with concerns about the impact on startup funds and future allocations. In response, many units have undertaken operational adjustments, such as service reductions, consolidation of functions, and the continued holding open of vacant positions. Some academic units are attempting to diversify revenue streams by expanding offerings in executive education, summer sessions, and self-supporting programs, although these efforts are challenged by heightened competition and fluctuations in enrollment due to the current economic downturn as well as international students' increased hesitancies to enroll in U.S. programs.

Many divisions are drawing upon gifts and endowments to offset reductions in state support, provide student aid, bridge temporary funding gaps, and cover core operating deficits. However, the ability to use these funds flexibly is often constrained by donor-imposed restrictions, prompting an ongoing review of gift agreements to maximize available discretion. Units are planning to increase spending rates from endowments and gifts, with particular attention to supporting students, recruiting and retaining faculty, and addressing programmatic needs. In some cases, units are planning to spend down gift and endowment balances over the next three years, which may risk depletion and future flexibility. While several divisions report successful fundraising campaigns, it is noted that new gifts are frequently restricted and therefore unavailable for general operational purposes.

Enrollment trends continue to exert a significant influence on unit budgets. Multiple units, especially in professional and graduate programs, are experiencing or projecting declines in enrollment. These declines are attributed to a range of factors, including economic uncertainty, changing international student flows, and modifications to academic programs, with some specifically noting the impact of international visa issues. At the same time, some divisions are seeking to stimulate enrollment and revenue growth through the introduction of new minors, certificates, or self-supporting programs. Undergraduate student credit hours are generally stable or increasing, while graduate-level credit hours are flat or declining in several divisions.

Staffing remains a central concern for most units. Workforce reductions are being realized through a combination of layoffs, attrition, and the maintenance of unfilled positions, with administrative and support staff most affected by these measures. Staffing cuts are particularly a problem where staffing was lean and where bureaucratic burden is not simultaneously reduced. Rising salary and benefit costs, including those resulting from union negotiations, continue to be a primary driver of budgetary pressure. Union contracts also limit flexibility in responding to grant funding volatility. Many units are strategically managing vacancies, particularly at senior levels, and are directing any new hiring efforts toward mission-critical or student-facing roles. The cumulative effect of repeated reductions is having a discernible impact on staff morale and operational capacity, raising concerns about burnout and the ability to maintain service levels in those units that had previously lean staffing and when done without concomitant reductions in bureaucratic burden.

Other notable themes emerging from the presentations include ongoing efforts at operational restructuring, with many units consolidating functions, streamlining reporting structures, and seeking efficiencies through technology and shared services. There is an increased institutional focus on compliance, campus safety, and risk management, as evidenced by investments in safety infrastructure, digital accessibility initiatives, and expanded audit and investigation activities. Deferred maintenance of

facilities and technology infrastructure remains a persistent concern, with many units reporting growing backlogs and underfunding in these areas. Despite fiscal constraints, a number of units are pursuing strategic initiatives, including investments in digital transformation, the development of new academic programs, and the enhancement of research infrastructure, often utilizing one-time or restricted funds. Finally, the ongoing volatility of federal grant funding continues to present challenges, with units expressing concern about the need for bridge support during periods of suspension or delay.

In summary, the unit-level budget presentations collectively reflect a campus-wide effort to address significant fiscal challenges through disciplined cost control, the strategic deployment of non-state funds, and a sustained focus on preserving core academic and student support functions. Units are responding to structural funding gaps with a combination of permanent reductions, operational efficiencies, and targeted investments in areas of highest strategic priority.

Section 4: Reconciliation with Central/Chancellorial Commitments and Decision-Making Model

The campus-wide structural deficit, estimated at $200–250 million recurring annually unless further corrective actions are undertaken, arise not primarily from core academic units, which have demonstrated restraint and near-balance through efficiencies and reserve management, but from the way central processes handle approved growth alongside unfunded or partially funded obligations. This section reconciles unit-level data with campus-wide figures to the extent possible with available information, highlights key post-pandemic drivers, and underscores the limitations of the current budget allocation model.

How the Process Concentrates the Deficit Centrally

Units routinely submit requests for new faculty lines, program expansions, student support, or operational needs. Central leadership reviews and approves many of these, providing funds as part of base allocations at the fiscal year's start. This results in many core academic units appearing near-balanced (or even positive) on their books, as the incremental costs of approved growth are covered centrally. However, the center draws from the same constrained 19900 General Funds pool to meet these approvals while simultaneously funding campus-wide obligations that rarely appear in individual unit budgets, such as debt service on recent property acquisitions and athletics facilities, systemwide UCOP assessments, mandated IT/security transformations, deferred maintenance backlogs, and select strategic initiatives (e.g., DataX, Grand Challenges, equity programs).

The structural gap thus concentrates at the central level and persists even as units exercise fiscal discipline. Table 4 illustrates this dynamic for FY26 estimates, separating base allocations (reflecting historical/approved growth) from additional central commitments (recurring obligations and new approvals). Core teaching and research units receive the largest share of base allocations (~$878M), supporting their approved expansions, but central commitments add substantial costs across categories, pushing total uses to ~$2.08B against ~$1.82B sources and yielding a projected operating deficit of –$257M before further actions.

Table 4. Sources of Discretionary Funds and Estimates of Uses by Base Allocations at Beginning of Fiscal Year and additional Central Allocations and Commitments for Current Fiscal Year, ($ millions, rounded), with categorization to align with types of units

Sources and Uses of Discretionary Funds*	2025-26 (FY26) - Estimate
SOURCES	
State Appropriations	655.5
Net tuition & Fees	595.8
Indirect Cost Recovery related	324.3
Other Sources (investment & patent income, etc..)	246.9
Total Sources	1,822.5
USES	
Base Allocations at Beginning of Year (esimated using unit level budgets)	**1,367.9**
Core Teaching and Research Units	877.6
Other Research, Teaching, and Mission Related Initiatives	50.3
Central Administration	166.6
Operational Central Administration	156.2
Operational Student Administration	117.2
Central Allocations for Current Year Based on Central Commitments (estimated)	**712.1**
Core Teaching and Research Units	266.4
Other Research, Teaching, and Mission Related Initiatives	48.7
Central Administration	60.2
Operational Central Administration	30.8
Operational Student Administration	45.1
Athletics	67.6
Other	193.3
Total USES	2,080.00
Operating Result	**(257.4)**

Notes: * Sources reflect discretionary funds including general funds supplemented with Indirect Cost Recovery (ICR) related funds and investment income. Other core funds related to Professional Degree Supplemental Tuition (PDST), Self-Supporting Degree Program Tuition (SSDPT) are not included.
Source: Approximate estimates based on updated information provided by interim CFO on March 16, 2026, and CPB estimates of base allocations from unit level presentations.

This mechanical linkage explains reconciliation difficulties: unit-level near-balances mask central pressures, while deficits in operational areas (e.g., IT/Facilities) raise questions about General Funds backfill for negatives in other funds categories.

Key Post-Pandemic Drivers of Central Pressures

The structural deficit is anchored in long-standing revenue constraints (effectively flat real state support + tuition rates that have not kept pace with inflation) combined with mandated enrollment growth without corresponding full marginal funding. Against this backdrop, many recurring obligations trace to decisions made between 2020–2024. While often well-intentioned for long-term institutional advancement, these were frequently launched without fully aligned permanent revenue streams:

- Property acquisitions and related debt service.
- Big Ten transition, athletics expansions, and associated bond servicing.
- Mandated and ambitious IT transformation.
- Facilities deferred maintenance backlog and flat OMP funding for ~10 years, no COLA/utilities adjustment, new state fees/taxes.
- Strategic initiatives (e.g., HSI/RTC, community engagement, DataX, Grand Challenges) with partial or no permanent base funding.

These items compete directly with core priorities such as faculty/staff compensation increases (modest on 19900 funds but essential for competitiveness, per AAUDE December 2025 data showing UCLA full professors tracking AAU privates closely while still lagging inflation) and instructional support amid recent UAW negotiations.

A cultural shift is needed around the budget allocation framework. Growth must be funded in a manner where new commitments (faculty lines, programs, facilities, initiatives) carry explicit, permanent revenue identification rather than defaulting to central unfunded pressure. Risk management must also become more prominent: the campus should prioritize actions that avoid acute facility failures (e.g., cogen plant emergencies) or significant legal/compliance risks (e.g., health-system exposure), even when doing so requires hard trade-offs elsewhere.

Limitations of the Current Allocation Model and Path to Reform

The existing model relies on historical practices with limited transparency on baselines, growth mechanisms, or redress for core academic needs. There is no clear, equitable framework for assigning marginal costs of enrollment growth or prioritizing mission-critical investments when revenues are constrained. The paused Bruin budget model initiative sought an activity-based approach to accommodate differential growth/decline across units, enabling some areas to expand based on demand while others adjust gradually. Central leadership has indicated priority on addressing this gap, with different models under consideration to support long-term planning.

Without an updated, transparent framework, including mandatory five-year funding plans for new commitments, pre-review by CPB/EB, shared alternative scenarios, and regular machine-readable dashboards, the cycle of central deficit accumulation is likely to persist. Governance enhancements are essential: clearer mechanisms for core budget growth/redressment, rigorous review of unfunded items, and equitable allocation that protects teaching/research excellence while managing operational realities.

Reforming the model would enable hard but informed decisions, freezing/reviewing deferrable commitments, resetting bases for IT/Facilities, and prioritizing compensation/instructional support, without disproportionate harm to the academic core. This aligns with shared governance principles and positions UCLA to advocate effectively for state funding and tuition adjustments that match cost realities.

Section 5: Conclusion and Path Forward – Principles for Informed, Mission-Preserving Choices

Approximately 70–75% of central commitments directly or indirectly support core teaching, research, faculty/staff compensation, and mission-critical operations. These elements cannot be cut indiscriminately without immediate harm to quality and competitiveness. The deferrable portion including select unfunded strategic initiatives, portions of the Athletics operating subsidy beyond direct student-athlete support, and debt service on items that are not deemed to be core, represents the primary internal lever for relief. Operational mandates (IT security, facilities maintenance) require a permanent base reset rather than perpetual patching; IT ambitions, in particular, must be scaled to realistically available resources.

The structural deficit stems primarily from revenue constraints, mandated enrollment growth without full marginal funding, inflation/labor-cost pressures, infrastructure backlogs, and post-pandemic initiatives. Core units have remained lean and responsive; the center has absorbed many marginal costs of approved growth while simultaneously carrying unfunded obligations.

Enhanced transparency, communication, and data practices are essential enablers. Regular public reporting, machine-readable budget dashboards, clear accounting of central commitments, and open sharing of underlying data would support broader awareness, rigorous independent analysis, informed dialogue, and genuine shared governance. Without these, meaningful campus-wide engagement on trade-offs remains severely constrained.

Urgency is required on the largest bleeding units. A logical next step is to quickly identify the small number of units/areas generating operating deficits at meaningful scale (particularly Athletics subsidy, IT transformation scope, Facilities backlog, and select public-facing operations), assess root causes, and develop targeted plans to stem the outflow. Delaying action on these high-impact items risks compounding the structural gap and forcing broader, less surgical cuts later.

The path forward is therefore clear and mechanical:

1. Freeze and rigorously review all unfunded or partially funded central initiatives.
2. Reset base funding for IT and Facilities (e.g., by aligning budgets with realistic mandates, scaling ambitious initiatives to sustainable levels, and prioritizing critical maintenance) to eliminate the recurring operational-central deficit without disproportionate reliance on core General Funds.
3. Implement an updated allocation model that assigns true marginal costs while protecting core academic growth.
4. Declare essential elements (compensation increases, faculty merit/range programs, instructional support, core unit allocations) as non-negotiable priorities.
5. Advocate strongly for increased state funding and tuition adjustments that keep pace with costs.

Only by acknowledging how the current allocation framework, rooted in historical/incremental practices and not yet transitioned to a more transparent, activity-aligned budget model, tends to shift the costs of approved growth and unfunded obligations from individual unit books to the central level can UCLA make choices that are both fiscally honest and mission-preserving.

Long-Term Structural Recommendations

- Update the allocation framework to assign true marginal costs while protecting core academic growth.
- Strengthen governance: mandatory five-year funding plans, pre-review of major commitments, shared alternative scenarios, machine-readable dashboards.
- Use reserves as a limited bridge; pursue external strategies (e.g., SB 895).

Addressing these challenges will require the entire campus community—leadership, units, and all constituents—to acknowledge the fiscal realities we face and to engage actively in open, constructive shared-governance dialogue that centers the protection and strengthening of UCLA's core academic mission.

UCLA Office of the Chancellor

Murphy Hall 2147, Box 951405
Los Angeles, CA 90095-1405
Office: 310-825-2151
chancellor@ucla.edu

January 26, 2026

Megan McEvoy
Chair, UCLA Academic Senate

Re: Council on Planning and Budget's Interim Report on the Campus Budget Deficit

Dear Chair McEvoy,

Thank you for transmitting the Executive Board's January 20, 2026 letter and the Council on Planning and Budget's interim report on the campus budget deficit. We appreciate the substantial time and effort CPB and EB have devoted to analyzing UCLA's financial situation and to engaging in regular consultation during a challenging budgetary period.

We write to clarify the status of the information referenced in your letter and to address statements regarding the completeness of the materials provided to CPB. Significant care was taken by the Budget Office and the Chief Financial Officer to prepare the financial tables and presentations shared with CPB, including a detailed overview of the Chancellor's central budget that clearly delineates major revenue sources and uses. These tables are accurate and transparent representations of the campus's financial outlook and are the same materials used to brief the University of California Office of the President, the Chancellor and the Executive Vice Chancellor and Provost.

Given the complexity of the university's financial structure and the varying levels of familiarity of CPB members with central budget constructs, the decision was made to rely heavily on detailed verbal presentations to walk through the tables, explain underlying assumptions, and respond to questions in real time. In this context, additional written materials would not alter the substance of the information conveyed or the discussions that occurred.

Throughout the bi-weekly meetings with CPB, the Chief Financial Officer has responded to questions and engaged actively in discussion. Because these meetings occurred frequently, there were periods when no new finalized financial tables were available. During those times, CPB was briefed on relevant developments that were under discussion or in progress, with updated tables shared as soon as they were finalized by the Budget Office.

With respect to the 2026–27 organization-submitted budgets, no additional analysis or projections have been conducted at this stage. Accordingly, there is no further information available to provide beyond the materials already submitted by units, copies of which CPB

UCLA Office of the Chancellor

Murphy Hall 2147, Box 951405
Los Angeles, CA 90095-1405
Office: 310-825-2151
chancellor@ucla.edu

possesses. Each organization met with the CFO during the September budget meetings to review its submission, and the next formal review of these budgets will take place during the February budget conferences, which CPB will attend.

We agree that transparency and timely information-sharing are core elements of shared governance. At the same time, we want to be clear that we will provide new information to CPB and the Academic Senate as it becomes available as appropriate and through the established processes. Consistent with the University of California Regents' framework for shared governance, the Academic Senate plays a vital advisory role in budgetary matters, providing analysis and perspective. We value CPB's counsel in this capacity and remain committed to robust consultation, while also recognizing that certain budget decisions and timelines are necessarily shaped by operational, legal, and fiduciary considerations. Ultimately, budgetary decision-making is the Chancellor's responsibility.

Thank you for sharing the Executive Board's perspective on the interim report. We understand the desire to communicate with Senate faculty about the budget context facing the campus. We look forward to continued dialogue and consultation as budget planning proceeds and as additional information becomes available, in support of the Academic Senate's consultative role.

Sincerely,

Julio Frenk
Chancellor

Darnell Hunt
Executive Vice Chancellor and Provost

cc: Stephen Agostini, Vice Chancellor and Chief Financial Officer
Kathleen Bawn, Immediate Past Chair, Academic Senate
Richard Desjardins, Professor, Education
April de Stefano, Executive Director, Academic Senate
Elizabeth Feller, Associate Director, Academic Senate
Tim Groeling, Vice Chair/Chair-Elect, Academic Senate
Samantha Luu, Executive Assistant to EVCP Hunt
Emily Rose, Assistant Provost and Chief of Staff to the EVCP
Julie Sina, Chief of Staff to the Chancellor

UCLA Academic Senate
Executive Board

January 20, 2026

Julio Frenk
UCLA Chancellor

Darnell Hunt
Executive Vice Chancellor and Provost (EVCP)

Re: Council on Planning and Budget's Interim Report on the Campus Budget Deficit

Dear Chancellor Frenk and EVCP Hunt,

The Executive Board (EB) discussed the attached Council on Planning and Budget (CPB) interim report on the campus budget deficit at its January 15, 2026, meeting where members voted unanimously to send the interim report to you. The Executive Summary of the report highlights:

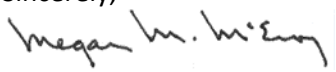
> Preliminary analysis strongly indicates that the reported structural deficits (−$280 million FY25, −$274 million FY26 prior to December 2025 additions) are driven predominantly by recent central commitments (yet to be fully mapped), unchecked operational overhead escalation, accumulating Athletics subsidies, and systemwide assessments—not core academic instructional and research activities of existing units. Available academic unit data reveal significant fiscal restraint, with near-balance achieved through efficiencies and prior reserves. In contrast, central operational and non-academic areas exhibit persistent and escalating shortfalls.

Due to the urgency around budget planning and in the interests of transparency around budgetary discussions, EB members were in strong agreement that this interim report should be released more broadly. **However, to make the report as factually correct as possible, we are writing to ask that the missing data (described in the interim report) is provided to us by Monday, January 26, 2026, so that CPB can revise the report before release to Senate faculty.** If EB does not receive the data by the deadline above, then CPB will release an edited version of this interim report with the current values and conclusions largely intact.

While EB and CPB appreciated the data received to date, complete data is needed to provide the best quality analysis possible. Moreover, the incomplete data violates our long-standing shared governance principles of transparency and "no surprises." Given the high stakes for the academic mission due to the current campus budget deficit, it is imperative that the Academic Senate have adequate data in a timely manner to provide meaningful consultation.

We believe that the overall conclusions are largely correct (even considering the missing data) and are important for a high-level view of the campus budget situation. We hope that the findings of this interim report offer analysis to inform your decisions.

Sincerely,



Megan McEvoy
Chair, UCLA Academic Senate

Encl.

Cc: Kathy Bawn, Immediate Past Chair, UCLA Academic Senate
Richard Desjardins, CPB Chair, UCLA Academic Senate
April de Stefano, Executive Director, UCLA Academic Senate
Elizabeth Feller, Associate Director, UCLA Academic Senate
Tim Groeling, Vice Chair/Chair Elect, UCLA Academic Senate
Samantha Luu, Executive Assistant to the EVCP, UCLA
Emily Rose, Assistant Provost and Chief of Staff to the EVCP, UCLA
Julie Sina, Chief of Staff to the Chancellor, UCLA

UCLA Academic Senate
Council on Planning & Budget

January 14, 2026

Megan McEvoy, Chair
Academic Senate

Re: CPB Interim Report

Dear Chair McEvoy,

At its meeting on January 12, 2026, the Council on Planning and Budget (CPB) reviewed and discussed the Interim Report. Members unanimously endorsed the report and agreed to share it with the Executive Board.

If you have any questions for us, please do not hesitate to contact me at desjardins@ucla.edu or via the Council's analyst, Elizabeth Feller, at efeller@senate.ucla.edu.

Best regards,

Richard Desjardins, Chair
Council on Planning and Budget

cc: Tim Groeling, Vice Chair/Chair-Elect, Academic Senate
Kathleen Bawn, Immediate Past Chair, Academic Senate
April de Stefano, Executive Director, Academic Senate
Elizabeth Feller, Associate Director, Academic Senate
Members of the Council on Planning and Budget

Interim Report: CPB Analysis of UCLA Campus Structural Deficit (FY24–FY27)

Advising Senate Leadership on Steering Difficult Financial Decisions
January 2026

Preamble

The Council on Planning and Budget (CPB) obtained unit-level budget data for approximately 42 of UCLA's 52 units on December 19, 2025. Initially, CPB was informed that these data would enable a detailed understanding of deficit sources and could be reconciled with the aggregated General Funds (19900) deficits presented by the CFO at the October 2025 town hall. Subsequently, the administration clarified that the unit-level data do not directly reflect or aggregate to the reported General Funds deficits. The degree of overlap, if any, remains unclear. In particular, the unit-level data appear to offer little or no visibility into central chancellorial commitments, including their relationship (or lack thereof) to the university's primary academic mission versus non-core areas such as Athletics subsidies, rapidly escalating central operational costs (e.g., IT and Facilities), and unfunded commitments and projects initiated in recent years.

This data sharing responded to repeated Senate requests since at least FY2024–25, following verbal disclosures of large deficit projections. UCLA leadership has not published a campus-wide budget since FY2022–23. Starting in at least FY2024–25, administration officials verbally reported deficits of approximately $180 million (FY24, covered by opaque one-time measures), initially $280 million (FY25) and $270 million (FY26). By December 2025, newly revealed commitments increased projected deficits to approximately $400 million annually. The sources, rationale, oversight, and accountability for these escalations remain unclear.

To CPB's knowledge, UCLA lacks a formal independent auditing process for these projections and commitments.

Executive Summary and Primary Purpose

This preliminary report relies on incomplete, fragmented data and working assumptions. The analysis is based on manual transcription of approximately 42 unit-level budget presentations (Spring and Fall 2025) provided to CPB, supplemented by CFO aggregate slides. Major gaps persist, including detailed budgets for the David Geffen School of Medicine (non-UCLA Health), Office of Campus & Community Safety (OCCS), Intercollegiate Athletics, certain Grand Challenges, DataX, and select central units.

Critical unknowns include whether negative balances in Core Funds or Other Funds at the unit level require General Funds (19900) coverage and how (or if) they aggregate into the campus structural deficit. Conflicting accounts persist regarding aggregation mechanics, the relationship between central commitments and unit-level data, and the specific drivers of the deficit—making it difficult to assess consequences for the university's academic mission.

Preliminary analysis strongly indicates that the reported structural deficits (−$280 million FY25, −$274 million FY26 prior to December 2025 additions) are driven predominantly by recent central commitments (yet to be fully mapped), unchecked operational overhead escalation, accumulating Athletics subsidies, and systemwide assessments—**not** core academic instructional and research activities of existing units. Available academic unit data reveal significant fiscal restraint, with near-balance achieved through efficiencies and prior reserves. In contrast, central operational and non-academic areas exhibit persistent and escalating shortfalls.

Primary objectives:

- Provide a partial reconciliation of CFO-reported General Funds deficits, highlighting the misalignment between restrained academic units and centrally driven pressures.
- Equip Senate leadership to advocate decisively for protection of the core instructional and research mission.
- Identify ongoing gaps in data, transparency, and understanding to inform shared governance and responsible decision-making.

Key Preliminary Findings

- Deficit sources are primarily IT, Facilities, Athletics, and unfunded central-level commitments.
- Core academic and research units, as a group, contribute minimally to aggregated deficits and appear under strain, relying on efficiency gains and depleting reserves.
- There is insufficient clarity on how (or whether) unfunded central commitments affect funding for existing core academic and research units.
- Personnel trends (FY21–FY25) reveal disproportionate administrative staff growth relative to modest enrollment increases.

Background and Data Limitations

Data were manually transcribed from tables embedded in PowerPoint presentations (no machine-readable files provided, despite the existence of database systems). Coverage is incomplete, with notable absences in high-impact areas (DGSOM, OCCS, Athletics, Chancellor's units). Proxies and deductive analysis were required.

Critical open questions requiring administration clarification:

- Do negative balances in Core Funds or Other Funds require General Funds (19900) coverage, and if so, how are they aggregated into the campus-wide structural deficit?
- Do reported balances reflect cash items only, or include non-cash entries (e.g., depreciation, accruals)?
- How do Categories 6–13 (Table 1) relate to unit-level budget data, with clear distinctions for core academic units, other research/teaching initiatives, central administration, operational units, and Athletics?

Enhanced transparency—machine-readable data, explicit reconciliation methodology, and public dashboards—is essential for shared governance.

Unit Categorization for Analysis

For this preliminary report, units were grouped as follows:

- **Core research and teaching units** (16 units): 4 divisions of the College and 12 professional schools.
- **Other research, teaching, and mission-related initiatives** (10 units): Semel Neuroscience Institute, CNSI, International Institute, Institute of American Cultures (IAC), Consortium of Schools, BSCRC, BBS, Depression Grand Challenge, Sustainable LA Grand Challenge, DataX.
- **Central administration** (14 units): Chancellor's Office, EVCP, Academic Personnel, VC Legal Affairs, Ethics, Compliance & Audit Services, Veteran's Affairs, VC Inclusive Excellence, VCCFO, VC Research, OARC, External Affairs, VC Strategic Communications, Office of Campus & Community Safety (OCCS), VP for Teaching & Learning.
- **Operational central administration** (4 units): AVC DTS (IT), AVC CHR (Human Resources), AVC EHS, AVC Facilities.
- **Operational student administration** (7 units): Enrollment Management, Graduate Education, Undergraduate Education (DUE), Student Affairs, Library, Summer Sessions & International Education (SSEIO), University Extension (UNEX, including CEB).
- **Athletics** (1 unit).

Data remain incomplete for several high-impact units noted above.

Description of Unit-Level Budget Data

Unit-level presentations generally included three budget tables (manually transcribed by CPB):

- **General Funds (19900)**: Primarily state funds, tuition, and related allocations.
- **Core Funds**: Indirect cost recovery (ICR), Professional Degree Supplemental Tuition (PDST), Self-Supporting Degree Program Tuition (SSDPT), etc.
- **Other Funds**: Grants, sales & services, contracts, gifts, and other sources.

Treatment of Other Funds varies across units; large negatives in operational central administration (e.g., IT, Facilities) raise questions about General Funds backfill.

CFO Aggregate General Funds Data

The administration provided an aggregate slide depicting General Funds (19900) sources and uses (Table 1). The FY24 deficit was addressed through one-time measures (approximately $60 million sweep from core academic unit savings, central hiring freeze and reprioritization, ~$75 million investment dividend), yielding a $30.2 million surplus.

In December 2025, new funding requests totaling $163.7 million (FY25) and $111.6 million (FY26) were disclosed (examples: IT, Facilities, Athletics, research park, other initiatives), elevating projected deficits to ~$400 million annually.

Table 1. CFO-Reported General Funds (19900) Sources and Uses ($ millions, rounded)

	Description	FY24	FY25	FY26
Sources	State general funds, gross tuition, UCOP return-to-aid, other	1,616.4	1,610.7	1,657.9
Uses				
Category 6	Base allocations to organizations (issued July 1)	1,222.7	1,263.9	1,427.7
Category 7	Salary and benefits increases	59.6	59.2	70.1
Category 8	Academic/research support, priority programs, strategic initiatives	94.8	152.7	74.3
Category 9	Student support above UCOP-mandated return-to-aid	62.9	61.6	59
Category 10	Support for lecturers and TAs	61.7	67.1	67.1
Category 11	Capital projects and debt service	131.4	99.3	87.3
Category 12	UCOP operating budget and UCPath assessment	82.5	80.1	83.3
Category 13	Other academic and operating support	85.4	106.7	63.3
	Structural Deficit (pre-new requests)	−184.6	−280.1	−274.2
	Additional New Requests (Dec 2025)		−163.7	−111.6
	Adjusted Projected Deficit		−444	−386

Key Limitations in Understanding Table 1:

- Unclear relationship between Categories 7–13 and unit-level data (particularly central administration, operational units, and Athletics).
- Uncertainty whether items in Categories 7–13 appear in unit-level Core Funds or Other Funds.
- Lack of transparency on how General Funds cover negatives in Other Funds (e.g., IT, Facilities).

Additional data insights

Analysis of available unit-level data indicates that the 42 units together contribute only approximately $15 million to the General Funds deficit in FY25—reinforcing that the bulk of the structural deficit originates outside visible unit-level General Funds allocations.

When considering all fund categories (General, Core, Other), operational central administration and Athletics account for over half of recurring shortfalls after reserve depletion (Table 2). Core teaching and research units contribute very little.

Personnel trends (Table 3) confirm lean academic operations versus rapid central administrative growth.

Preliminary Recommendations (Faculty Perspective)

Faculty priorities unequivocally center on protecting the core teaching and research mission. Many recent central chancellorial commitments appear to have been made in a vacuum—without comprehensive oversight, accountable multi-year planning, transparent budgeting, or full consideration of consequences for the core academic mission. Senate analysis must explicitly identify which commitments directly support main teaching and research units and which are non-central (e.g., Athletics subsidies, certain facilities expansions, non-binding strategic initiatives, UCOP assessments). Non-central commitments must be frozen, rigorously reviewed, and reprioritized—or deferred—until sustainable funding sources are secured and their impacts on academic units are fully understood.

Phased priorities (FY26–FY27) targeting ~$250–300 million savings while preserving ≥95% of core academic funds:

1. **Athletics Subsidy Review** (~$40–80m potential annual savings): Commission independent audit; develop phased plan toward break-even or substantially reduced subsidy.
2. **Freeze and Reprioritize Central Chancellorial Commitments** (~$75–100m): Immediate moratorium on non-binding new initiatives; establish Senate-led task force to map each commitment's relationship (if any) to core academic mission and recommend deferrals or eliminations.
3. **Operational Central Administration Efficiencies** (~$30–50m): Consolidate functions, selectively outsource non-essential services; explicitly exempt direct academic support until central commitments are fully funded.
4. **Personnel and Overhead Review**: Align future administrative growth strictly with enrollment and core mission needs; redirect all efficiencies to faculty lines, instructional support, and research.
5. **Capital, Debt, and UCOP Strategies** (~$25–40m): Defer non-academic projects; pursue systemwide advocacy for assessment relief and asset optimization.

Implementation Principles:

- Impose no new burdens or cuts on well-managed core academic programs with positive balances or demonstrated efficiencies.
- Require full transparency through public dashboards, machine-readable data, and shared governance review of all major spending proposals.
- Establish Senate task force oversight for any proposed corrective actions affecting academic units.

Next Steps

1. Formally request (in writing, via Senate channels) missing unit-level data and a comprehensive inventory of all central chancellorial commitments, including:
    - Detailed budgets for high-impact missing units (DGSOM non-UCLA Health, OCCS, Athletics, BSCRC, select Grand Challenges, DataX, Chancellor's Office/EVCP units).
    - For each central commitment: description, amount, timing (recent vs. ongoing), funding status (funded, partially funded, or unfunded), binding nature (legally obligated vs. discretionary), and explicit relationship (if any) to specific units—distinguishing support for core teaching and research units versus central administrative units, operational units, Athletics, or other non-core areas.
2. Seek written CFO/administration clarification on:
    - Aggregation mechanics (Core/Other Funds negatives into General Funds deficit).
    - Cash vs. non-cash composition of balances.
    - Relationship between Table 1 Categories 6–13 and unit-level data.
    - Actual sources of the structural deficit and why spending continues unabated in deficit-generating areas (e.g., Athletics).
    - Oversight and control mechanisms for spending, debt, and legal obligations.
    - Expected consequences of deferring, reducing, or not funding specific central commitments on the existing core teaching and research mission (including any risks to unit operating budgets).
    - Alternative scenarios to balance the budget over FY26–FY27, prepared by the Budget Office/CFO and relevant experts with detailed knowledge of available options; each scenario should outline specific measures, projected savings, timeline, and full consequences (particularly impacts on core teaching and research units versus central/non-core areas) to enable informed Senate discussion and shared governance input.
3. Schedule structured dialogue with CFO, Budget Office, relevant VCs, and Chancellor's leadership.
4. Convene Senate task force to review all major central commitments and propose mission-aligned corrective framework.
5. Refine analysis and update report as additional data, inventories, and clarifications become available.

This preliminary report positions Senate leadership to advocate decisively for mission preservation amid centrally driven fiscal challenges.

Table 2: Annual Deficit Flow After Depletion of Prior-Year Reserves ($ millions, rounded; and % of deficit reported by CFO, FY25–FY27 only, after reserves are exhausted)

	FY25	FY26	FY27	FY25	FY26	Main sources
Core teaching and research units	**-4.9**	**-8.3**	**-16.3**	**2%**	**3%**	**Core teaching and research units**
General funds (19900)	-0.4	-5.1	-9.3	0%	2%	Social sciences, Humanities
Core funds	0.0	0.0	-2.0	0%	0%	Engineering
Other funds	-4.6	-3.2	-4.9	2%	1%	SoAA
Other research, teaching and mission related initiatives	**-9.3**	**-4.0**	**-3.3**	**3%**	**1%**	**Other research, teaching and mission related initiatives**
General funds (19900)	-1.1	0.0	0.0	0%	0%	Semel
Core funds	0.0	0.0	0.0	0%	0%	
Other funds	-8.2	-4.0	-3.3	3%	1%	Consortium of schools
Central administration	**-24.8**	**-31.4**	**-39.7**	**9%**	**11%**	**Central administration**
General funds (19900)	0.0	-0.1	0.0	0%	0%	
Core funds	-24.8	-17.5	-22.8	9%	6%	VCFO
Other funds	0.0	-13.8	-16.9	0%	5%	External affairs
Operational central administration	**-67.5**	**-60.2**	**-63.2**	**24%**	**22%**	**Operational central administration**
General funds (19900)	-12.3	-33.4	-30.6	4%	12%	IT, Facilities, CHR, EHS
Core funds	0.0	0.0	0.0	0%	0%	
Other funds	-55.1	-26.8	-32.6	20%	10%	IT, Facilities
Operational student administration	**-1.2**	**0.0**	**0.0**	**0%**	**0%**	**Operational student administration**
General funds (19900)	-1.2	0.0	0.0	0%	0%	Student enrollment
Core funds	0.0	0.0	0.0	0%	0%	
Other funds	0.0	0.0	0.0	0%	0%	
Athletics (estimated)	**-80.0**	**-80.0**	**-80.0**	**29%**	**29%**	**Athletics**
Totals	**-187.7**	**-183.9**	**-202.5**	**67%**	**67%**	**Total**
General funds (19900)	-15.1	-38.5	-40.0	5%	14%	
Core funds	-24.8	-17.5	-24.9	9%	6%	Do core fund deficits for central units aggregate to reported deficits?
Other funds	-67.9	-47.9	-57.6	24%	17%	Do other fund deficits for central units aggregate to reported deficits?
Athletics	-80.0	-80.0	-80.0	29%	29%	
Reported by CFO (prior to new requests)	**-280.0**	**-274.2**				
Unnaccounted for	**unclear**	**unclear**				

Source: ~40 of 52 unit level budget presentations from Spring 2025, and updates for Fall 2025.

Table 3: Personnel Trends by Major Category (Headcount, unduplicated, FY21–FY25)

	Academic Teaching Faculty		Academic Other (Research/etc.)		Staff	
Category	**(FY21 → FY25)**	**% Change**	**(FY21 → FY25)**	**% Change**	**(FY21 → FY25)**	**% Change**
Academic units (total)	2,445 → 2,488	+1.8%	988 → 970	−1.8%	2,726 → 2,914	+6.9%
Administrative units	(minimal)	—	(minimal)	—	3,446 → 3,727	+8.2%
Campus total	~2,475 → ~2,520	~+1.8%	~990 → ~972	~−1.8%	6,172 → 6,641	+7.6%
Undergraduate enrollment	32,118 → 33,534	+4.4%	—	—	—	—
Graduate enrollment	13,994 → 13,898	−0.7%	—	—	—	—

Notes: Academic units include College divisions and professional schools. Administrative units include Chancellor's organization, External Affairs, Student Affairs, Business & Finance, Athletics, etc. Several academic units substituted staff growth for faculty reductions (e.g., International Institute, IOE, Management, TFT).